

FILED
10/20/2008

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THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

JCM

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

DIANE SCARNAVACK, on behalf of
Plaintiff and the class members described
herein,

Plaintiffs,

V.

PHOENIX LAW, PC;
WILLIAM TAYLOR ("TY") CARSS;
TOUZI CAPITAL, LLC;
ENG TAING; JOHN DOES 1-10,

Defendants.

Civil Action No. 1:23-cv-03408
Judge Wood

DECLARATION OF WILLIAM TAYLOR CARSS

1. My name is William Taylor Carss, I am an adult and a resident of California. I have never been convicted of a felony, am of sound mind, competent, and authorized to make this Declaration; the statements of which are within my personal knowledge, true and correct; except for those things that are based on knowledge and belief, and to those I believe them to be true.

2. I serve as Managing Attorney of Phoenix Law, PC, who is currently operated by the Morning Law Group, PC, the Southern District of California Bankruptcy Court-appointed managing organization. Through this position, I have personal knowledge of the matters stated in this Declaration, which are true and correct. I make this declaration in support of *Defendant William Taylor Carss's Motion to Dismiss Under Federal Rules of Civil Procedure*

12(b)(2) and 12(b)(6) (“Motion to Dismiss”). I have read through the Motion to Dismiss, and all factual allegations set forth therein are true and correct.

3. As of October 12, 2023, Phoenix Law, who is currently operated by the Morning Law Group, PC, has its principal place of business located at 38 Technology Drive West, Irvine, California 92618.

4. I have been a licensed California attorney since January 2002. I operated as a sole proprietorship from January 2002 until October 2022. I have represented thousands of consumer clients over the years in a myriad of different areas of law.

5. I was hired in late October 2022, as a licensed California attorney to help manage a newer law firm, Gallant Law, PC. I was hired by Tony Diab (“Diab”). I did not know anything about LPG; I barely had heard about what they do (because it was like Gallant Law); I never worked for LPG. Unbeknownst to me, this law firm was an *alter ego* of Litigation Practice Group (“LPG”). During my short tenure at Gallant Law, I received my paychecks from Prime-Logix, LLC, (which was owned and operated by Rosa Bianca Loli (“Loli”)).

6. Gallant Law abruptly split in late December 2022. For several weeks, there was little work to do as most of the client base stayed with the organization that kept Gallant; most of the employees continued to show up, and we continued to get paid. During this time period, a new Customer Relationship Management (“CRM”) was hurriedly developed because we lost access to the CRM we used during the Gallant Law days. There were rumors that a new Debt Validation Law Firm was going to be created; I was not involved in setting it up or picking its name.

7. In mid-February 2023, Diab called me late on a Monday night and asked if I wanted to be the Managing Attorney of Phoenix Law, which was formed in early January 2023

(without my knowledge). I was told that Phoenix Law was going to start fresh; we were going to onboard all new clients and start small and build a reputable Law Firm that could properly service and represent our clients. At no time did we plan to offer Credit Repair services, nor have we ever. Additionally, I had no knowledge that Phoenix Law was another *alter ego* of LPG; I had no knowledge that LPG was on the verge of filing for Chapter 11 Bankruptcy protection; and I certainly did not know that Diab was about to fraudulently transfer thousands of LPG clients in the coming weeks.

8. Within weeks of this start-up, we were dealing with thousands upon thousands of clients who were quite shocked that they “transferred” to a different law firm. It was nothing short of tumultuous chaos. While serving as Managing Attorney at Phoenix Law during this period, I received my paychecks from Mavrick Management, LLC, (which was owned and operated by Loli).

9. I did not author, draft, review or authorize the email that Plaintiff received on or about May 8, 2023; (the email where my name is misspelled. I would not have misspelled my own name, and per my usual emailing practices, I use a pre-formatted signature block which contains my correctly spelled name.) (See Plaintiff’s 1st Amd. Complaint at ¶ 42.)

10. I am not the only attorney assisting the former-LPG clients; there is a network of attorneys assisting clients in nearly every state. (See 1st Amd. Complaint at ¶ 44.)

11. A few weeks after LPG filed for bankruptcy, there was one conversation between Diab and Chapter 11 Trustee Richard Marshack wherein a 20% fee would be provided back to LPG. On information and belief, this was a stall tactic by Diab; there was never any agreement drawn up, and even if there was, I did not see one, nor did I have the authority to make those types of decisions. (See 1st Amd. Complaint at ¶ 45.)

12. I have never entered into a payment processing service agreement with Touzi Capital, LLC (“Touzi”); nor have I entered into any payment processing service agreement with any other processor. I have never authorized any client’s bank account to be debited. I have no knowledge of how the payment processing works, and I have never had any authority to authorize any such debits from clients’ accounts. (See 1st Amd. Complaint at ¶¶ 50, 68.)

13. I have never entered into any type of contract or agreement with Defendant Eng Taing (“Taing”). Perhaps on two occasions, I spoke with Taing briefly, and the subject matter each time had nothing to do with payment processing services. I had no knowledge that Taing was involved with payment processing, I was under the impression that he was an investor, and someone interested in creating a robust Artificial Intelligence (“A.I.”) system for the legal industry.

14. Up until June 2, 2023, when the Chapter 11 Trustee seized the LPG assets and took over managerial control of Phoenix Law, the only people who had access to any payment processors was Diab and Loli. Diab and/or Loli ordered all debits from client’s bank accounts. Diab and Loli were the only people who had access to any bank accounts where clients’ funds were deposited. I have never had access to any client funds – ever. Clients’ money never went into a Phoenix Law bank account.

15. Until Morning Law Group, PC (“MLG”) took over operations of Phoenix Law and the LPG client base on August 4, 2023, with the Bankruptcy Court’s blessing, I had been providing support and care to the former LPG clients, lawfully and under the supervision of the Trustee. *See Plaintiff’s Appendix A (BK Trustee’s “Status Conference Report”), page 10, ¶ 19.*

16. Phoenix is a nationwide debt relief law practice, servicing thousands of clients for legal and non-legal services as outlined in an agreement with the consumer in an effort to extinguish, settle or reduce consumer debts on their behalf; not for the expressed or implied purpose of improving a consumer's credit record, credit history, or credit rating. The Law Firm would: (1) assist with ensuing creditors ceased harassing communications with respect to any of the debts in dispute; (2) dispute legal validity of the debts in dispute; (3) defend clients against any collection activity or lawsuit on any validated debt; (4) initiate legal action against any creditor that violates state or federal law in connection with the debt in dispute; and (5) qualifying clients for Bankruptcy under Chapter 7 or Chapter 13 of the U.S. Bankruptcy Code and provide counsel regarding whether the client qualifies, the procedures and effect of filing bankruptcy.

17. At all relevant times, I reside in California, and am employed in California as a licensed attorney. I did not target or visit Illinois. I have never met or purposely interacted with Plaintiff Diana Scarnavack. Any incidental contact with Plaintiff in her home state of Illinois was in a purely representative capacity; if contact was made, it was performed for the benefit of the employer.

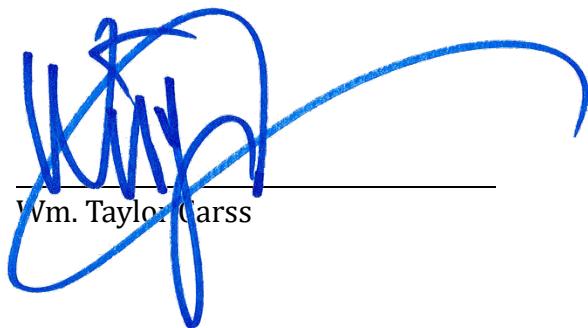
18. It would be unnecessarily burdensome for me to defend a lawsuit in Illinois. I have a child in middle school, numerous unfinished projects that require my skills and expertise at home, and I am only licensed in California. None of my records, files or potential witnesses are located in Illinois. I have no connection to Illinois.

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I declare under penalty of perjury under the laws of the United States or America that
the foregoing is true and correct.

Executed: October 16, 2023.



A handwritten signature in blue ink, appearing to read "Wm. Taylor Carss", is written over a horizontal line. The signature is fluid and cursive, with a large, sweeping loop on the right side.